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CENTRAL INTELLIGENCE AGENCY

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and the USSR

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1. Much scrap industrial equipment is being shipped by truck at night from Peiping to the west, to be dismantled by Soviet, Japanese and Chinese workers. Source saw former Japanese cotton-mill machinery on Lao Chen Chu being taken to Lu Kou Chiao (Marco Polo Bridge) outside the west wall.
2. From west of Peiping the scrap equipment is shipped north where, according to source, it is taken over the border to the USSR by railroad, at the rate of 20 to 30 flat cars every 14 days.
3. Soviet gasoline and trucks in considerable numbers are now being shipped into Shantung in exchange for the scrap industrial equipment.
4. Stock piles of gasoline and trucks have been observed recently.
5. It is more likely, according to this source, that the barter is being effected for grain, soy beans and salt, rather than for scrap industrial equipment.
6. Recent reports of an increase in the number of Soviets in Peiping usually explain the new-comers as political workers who are stationed in the Western Hills. It is more probable that they are advance railroad workers and purchasing agents.

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